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**ALASKA'S LARGEST MORTGAGE FRAUD CASE CHARGED BY U.S. ATTORNEY'S
OFFICE**

Anchorage, Alaska – United States Attorney Nelson P. Cohen announced that on December 13, 2007, nine individuals and one corporation were indicted in Anchorage by a federal grand jury for engaging in a widespread, three-year scheme to defraud some 13 banks and home loan mortgage companies in 57 different loan transactions netting over \$1,700,000 in profits and over \$1 million in losses to date to the financial institutions. The case was investigated by the Federal Bureau of Investigation.

The 64-count indictment named as defendants Lance Lockard, currently of Florida, age 34, Gary Paterna, of Anchorage, age 62, Charles Carlson, of Anchorage, age 74, Holli Stroud, of Chugiak, age 30, Jonathan Ruf, of Anchorage, age 33, Keith Facer, of Anchorage, age 41, Don Murray, of Anchorage, age 35, Cerise Sanders, of Anchorage, age 31, Susan McCready, of Anchorage, age 41, and Alaska State Mortgage Company, Inc., of Anchorage.

This indictment charges the largest mortgage fraud scheme ever prosecuted in the District of Alaska. According to the indictment, the fraud was perpetrated by professionals in all areas of the real estate industry. The fraudulent loan transactions used nominee or straw party purchasers, falsified down payments, relied upon inflated appraisals provided by a licensed appraiser; included falsified title documents falsified by a loan closer concealing the absence of any down payment by the purchasers, and falsified loan applications prepared by loan originators and designed to conceal investment purchases as purchases of primary residents. The indictment alleges that the defendants, lead by Lance Lockard engaged in 5 separate schemes.

According to the indictment, in the first scheme, Lockard, Paterna, his father-in-law, Carlson, the appraiser and Stroud, the loan closer, arranged for fraudulent loan documentation on the purchase of 10 properties. The indictment alleges that Lockard arranged for the simultaneous purchase and sale of the properties using Paterna as a nominee purchaser and that Carlson inflated the appraisals of the properties with Stroud falsifying the closing documents to conceal the fact that no down payments had been made.

The second scheme in the indictment charges that Lockard and Ruf with the aid of Carlson, Stroud and Cerise Sanders, Susan McCready and Alaska State Mortgage Company as loan originators arranged for Ruf, acting as a nominee for Lockard, to purchase 13 separate properties on the same day, with all purchases fraudulently listed as purchases of his primary residence by Sanders and McCready acting for

Alaska State Mortgage. According to the indictment Carlson and Stroud, as in scheme one, inflated the appraisals and falsified loan closing paperwork. The indictment further alleges that the defendants, acting on behalf of Lockard sold the properties obtained through the fraudulent loans listed in schemes one and two to third- party buyers using further inflated appraisals provided by Carlson and illegal cash-back payments to the buyers aided by real estate agents Keith Facer and Don Murray to induce them to purchase the overpriced properties.

The indictment further alleges that Lockard, Stroud, Carlson, Ruf and Paterna engaged in similar fraud involving two other property purchases. It charges that Stroud and Lockard with the aid of an inflated appraisal provided by Carlson arranged for Stroud to purchase a property with a falsified down payment. It further charges that Lockard, Paterna, Carlson, Stroud and Ruf again used nominees and falsified loan paperwork in a purchase financed by FNBA. Finally, the indictment alleges that Lockard engaged in a “bust out” scheme by purchasing properties with the aid of Paterna, Ruf and Carlson, at inflated prices with the purpose of taking the loan proceeds and defaulting immediately on the loans.

This indictment represents the largest mortgage fraud scheme ever prosecuted in the district of Alaska. It charges fraud by various professionals in all areas of the real estate industry and alleges fraud and false documentation in 57 real estate loans over a three year period, defrauding 13 different financial institutions and mortgage companies. According to the indictment the defendants’ scheme netted over \$1,700,000 in profits to Lockard and his associates and has resulted in over \$1 million in losses to the financial institutions to date with more foreclosures pending.

The investigation was conducted by Special Agents of the Federal Bureau of Investigation.

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